

10374

**LOUISIANA RURAL HEALTH ASSOCIATION**

**(A Not For Profit Organization)  
Napoleonville, Louisiana**

**FINANCIAL STATEMENTS  
For the Years Ended June 30, 2011 and 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **FEB 22 2012**

**Waguespack & Gallagher, LLC**

*Certified Public Accountants • Business Advisors*

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**(A Not For Profit Organization)**  
**Napoleonville, Louisiana**

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**For the Years Ended June 30, 2011 and 2010**

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**FINANCIAL STATEMENTS**  
**For The Years Ended June 30, 2011 and 2010**

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# Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Tia T. Barbera, CPA, PC

---

Sarah M. Gallagher, CPA

Elaine T. Waguespack, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Louisiana Rural Health Association  
Napoleonville, Louisiana

We have audited the accompanying statements of financial position of Louisiana Rural Health Association (a not for profit organization) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Rural Health Association as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2011, on our consideration of the Louisiana Rural Health Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of the Louisiana Rural Health Association taken as a whole. The schedule of functional expenses on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Waguespack & Gallagher, LLC*

October 17, 2011

**LOUISIANA RURAL HEALTH ASSOCIATION**  
(A Not for Profit Organization)

**Statement of Financial Position**  
**For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 184,085	\$ 175,484
Certificates of Deposit	6,228	6,104
Investment Securities	50,912	50,497
Accounts Receivable	40,407	105,559
<b>Total Current Assets</b>	<u>281,632</u>	<u>337,644</u>
Property and Equipment, Net	144,774	11,414
Construction in Progress	-	129,010
<b>TOTAL ASSETS</b>	<u><u>\$ 426,406</u></u>	<u><u>\$ 478,068</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts Payable	\$ 8,316	\$ 8,627
Accrued Expenses	1,543	1,480
Deferred Member Revenues	27,850	28,850
Obligation under Capital Lease, current	2,404	2,317
<b>Total Current Liabilities</b>	<u>40,113</u>	<u>41,274</u>
Obligation under Capital Lease, long-term	4,865	7,269
<b>Total Liabilities</b>	<u>44,978</u>	<u>48,543</u>
 <b>Net Assets</b>		
Unrestricted	364,569	366,294
Temporarily Restricted	16,859	63,231
<b>Total Net Assets</b>	<u>381,428</u>	<u>429,525</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 426,406</u></u>	<u><u>\$ 478,068</u></u>

The accompanying notes are an integral part of this statement.

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A Not for Profit Organization)**

**Statement of Activities**  
**For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>UNRESTRICTED NET ASSETS</b>		
Support:		
Grants	\$ 123,650	\$ 153,794
Contracts	76,674	83,247
Revenues:		
Membership Dues	35,450	34,130
Sponsorship Dues	21,250	20,000
Fall Conference	27,236	17,940
Spring Conference	9,530	9,790
Educational Events and Training	-	10,052
Unrealized Gain/(Loss) on Investments	(214)	8,471
Other	2,989	5,272
Total Revenues and Support	<u>296,565</u>	<u>342,696</u>
Expenses:		
Program Services:		
Member Services	8,470	18,632
Conference and Educational Services	52,138	77,576
Grants and Contracts	195,580	170,710
Support Services:		
General and Administrative	105,333	85,763
Total Expenses	<u>361,521</u>	<u>352,681</u>
Decrease in Unrestricted Net Assets	<u>(64,956)</u>	<u>(9,985)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Contracts	16,859	42,145
Grants	-	4,014
Increase in Temporarily Restricted Net Assets	<u>16,859</u>	<u>46,159</u>
Change in Net Assets	<u>(48,097)</u>	<u>36,174</u>
Net Assets - Beginning of Year	429,525	393,351
Net Assets - End of Year	<u>\$ 381,428</u>	<u>\$ 429,525</u>

The accompanying notes are an integral part of this statement.

**LOUISIANA RURAL HEALTH ASSOCIATION**  
(A Not for Profit Organization)

**Statement of Cash Flows**  
**For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Members, Events, & Grants	\$ 377,881	\$ 331,244
Cash Payments to Suppliers for Goods & Services	(186,395)	(220,637)
Cash Payments to Employees	(169,873)	(130,537)
Net Cash Provided/(Used by Operating Activities	<u>21,613</u>	<u>(19,930)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investment securities	-	34,105
Purchase of property and equipment	(10,695)	(30,604)
Net Cash Provided/(Used) by Investing Activities	<u>(10,695)</u>	<u>3,501</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of Capital Lease Obligation	(2,317)	(2,232)
Net Cash Provided/(Used) by Financing Activities	<u>(2,317)</u>	<u>(2,232)</u>
Net Increase(Decrease) in Cash and Cash Equivalents	8,601	(18,661)
Cash and Cash Equivalents at Beginning of Year	175,484	194,145
Cash and Cash Equivalents at End of Year	<u>\$ 184,085</u>	<u>\$ 175,484</u>
<b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Income from Operations	\$ (48,636)	\$ 26,598
<b>ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Depreciation	6,345	4,450
Change in Operating Assets & Liabilities		
Accounts Receivable	65,152	(57,490)
Accounts Payable	(311)	4,937
Accrued Payables	(937)	1,575
Net Cash Provided by Operating Activities	<u>\$ 21,613</u>	<u>\$ (19,930)</u>
<b>RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents	<u>\$ 184,085</u>	<u>\$ 175,484</u>

The accompanying notes are an integral part of this statement.



**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A Not for Profit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011 and 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Statement of Purpose

The Association is a not-for-profit organization formed to provide leadership on rural health issues in Louisiana through advocacy, communication and education. Its current programs include:

**Education:** Members and the general public are invited to participate in a series of education lectures and conferences located throughout Louisiana and the gulf coast. These educational conferences are a forum to update and educate members and the general public on a variety of rural health topics and concerns. The primary support for this program is through member and public registration fees, sponsorship fees, contracts, membership dues and donated services.

**Health Initiative:** Through coordination and partnership with other agencies, the LRHA is involved in several health initiatives designed to develop comprehensive adaptable strategic plans that develop rural health networks, coordinate training activities and emergency response issues, develop rural health awareness and general health advocacy. The primary support for this program is through federal and state grants and contracts.

Accounts Receivables

The Association utilizes the direct write-off method for bad debts. No allowance for bad debts has been provided, as no material write-offs are expected for receivables at June 30, 2011 and 2010.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable. At June 30, 2011 and 2010, there are no permanently restricted net assets.

Cash

For purposes of cash flows, cash equivalents include all highly liquid deposits and debt instruments acquired with maturities of three months or less.

Property and Equipment

Property and equipment are recorded at cost. Additions and improvements are capitalized. Ordinary maintenance and repair expenses are charged to income as incurred. The cost of property sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the property and related accumulated depreciation accounts, and any gain or loss is credited or charged to income.

Property and equipment are depreciated using the straight-line method over their estimated useful service lives as follows:

Leasehold Improvements	15-40 years
Office Equipment	5-10 years

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A Not for Profit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011 and 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES–continued**

Assets are capitalized when all of the following criteria are met:

- Assets purchased, build or leased have useful lives of one year or more
- The cost of the asset (including installation is \$750-\$1,000 or the discretion of management)
- The cost or repairing or renovating the asset is \$750-\$1,000 or more and prolongs the life of the asset

**Donated Services**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

There were no donated services for the years ended June 30, 2011 or 2010.

**Investments Securities**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

**Income Taxes**

The Association is a not-for-profit organization that is exempt from income taxes under code Section 501(c) (3) of the Internal Revenue Code and is not considered a private foundation.

**Concentration of Credit Risk**

The Association maintains cash accounts with commercial banks which are insured by the Federal Deposit Insurance Corporation up to \$250,000. Periodically, cash may exceed the federally insured amount. Cash did not exceed FDIC coverage at June 30, 2011 or June 30, 2010. The Association does not believe it is exposed to significant credit risk in connection with cash and cash equivalents.

**Statements of Cash Flows**

For purposes of reporting cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

**Subsequent Events**

Management evaluated events subsequent to the organization's most recent year end through October 1, 2011, the date that the financial statements were available for issuance.

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A Not for Profit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011 and 2010**

**NOTE B – CASH AND CASH EQUIVALENTS**

At June 30, 2011, cash (bank balances) totaled \$206,966. These deposits were fully insured by FDIC Insurance.

The PEAL and HAPN grants require that the funds be accounted for separately for revenues and expenses relating to these grants. Therefore, funds relating to these grants are accounted for in separate checking accounts.

**NOTE C – RECEIVABLES**

The following is a summary of receivables at June 30, 2011:

<u>Class of Receivable</u>	<u>2011</u>	<u>2010</u>
Grants and Contracts		
Commissioner of Insurance	3,383	3,366
Health and Hospitals-DHH	15,986	31,976
Health and Hospitals-Pan Flu	-	43,032
Health Enrichment Network-GUF	9,963	14,398
Health Enrichment Network-HAPN	11,075	12,787
Total	<u>40,407</u>	<u>105,559</u>

All receivables are considered to be collectible, and no allowance for bad debt is used.

**NOTE D – PROPERTY AND EQUIPMENT**

The details of the property and equipment at June 30, 2011 and 2010, are as follows:

	<u>2011</u>	<u>2010</u>
Office Furniture and Equipment	\$ 38,450	\$ 36,130
Buildings and Improvements	137,384	\$ -
Less: Accumulated Depreciation	(31,060)	(24,716)
	<u>\$ 144,774</u>	<u>\$ 11,414</u>

Depreciation expense for the year ended June 30, 2011 is \$6,345.

As of the period ended June 30, 2011, the Association had paid \$137,384 towards the construction of a new building, which was completed and put into service during the current fiscal year.

**NOTE E – DEFERRED REVENUES**

The Association receives dues from its members in exchange for certain services. The dues are earned on a calendar-year basis. At June 30, 2011 and 2010, deferred membership dues totaled \$27,850 and \$28,850, respectively.

**NOTE F – LEASE COMMITMENTS**

The Association is obligated under a 3.18% interest capital lease for a certain piece of equipment, which expires in April 2014. The asset is included in office equipment as follows:

**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A Not for Profit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011 and 2010**

**NOTE F – LEASE COMMITMENTS-continued**

Copier	\$ 12,673
Less: Accumulated Depreciation	<u>(5,492)</u>
	<u><u>\$ 7,181</u></u>

Future minimum lease payments as of June 30, 2011 are as follows:

June 30, 2012	\$ 2,634
June 30, 2013	\$ 2,634
June 30, 2014	<u>\$ 2,414</u>
Less: Amount Representing Interest	<u>(413)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$ 7,269</u></u>

**NOTE G – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes or periods:

SHIP - expenses pursuant to grant proposal	<u>\$ 16,859</u>
	<u><u>\$ 16,859</u></u>

**NOTE H – INVESTMENT SECURITIES**

Investments are stated at fair values and consist of private trust investment pools as follows:

	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Louisiana Hospital Investment Pool - Private Trust A	\$ 50,106	\$ 50,895	\$ 789
Louisiana Hospital Investment Pool - Private Trust B	<u>(5,273)</u>	<u>17</u>	<u>5,290</u>
	<u><u>\$ 44,833</u></u>	<u><u>\$ 50,912</u></u>	<u><u>\$ 6,079</u></u>

These funds represent board designated funds set aside in the current year for the purpose of providing an income stream for annual operations.

**LOUISIANA RURAL HEALTH ASSOCIATION  
(A Not for Profit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2011 and 2010**

**NOTE I – OPERATING LEASE**

As of May 1, 2010, LRHA entered into a one year operating lease with Assumption Community Hospital for the rental of land. The lease is currently year-to-year. Total rental payments made during 2011 totaled \$2,400.

The 2010 rental payments were for an old lease for the building that LRHA previously occupied, which is no longer in force for the current fiscal year. In 2010, the rental payments for the building totaled \$2,400.

## **SUPPLEMENTARY INFORMATION**

**LOUISIANA RURAL HEALTH ASSOCIATION**  
(A Not-for-Profit Organization)

**Statement of Functional Expenses**  
**For the Year Ended June 30, 2011**

	PROGRAM SERVICES				SUPPORT SERVICES	
	Member Services	Conferences and Educational Services	Grants and Contracts	Total	General and Administrative	Total Expenses
	\$	\$	\$	\$	\$	\$
Salaries and Wages	-	23,518	94,098	117,616	52,257	169,873
Committees and Memberships	-	-	-	-	945	945
Contract Services	-	-	28,207	28,207	158	28,365
Insurance	-	-	-	-	6,423	6,423
Interest and Finance Charges	-	-	-	-	1,221	1,221
Meals and Entertainment	-	-	-	-	882	20,199
Miscellaneous	-	12,318	6,999	19,317	5,389	17,324
Postage & Printing	-	-	11,935	11,935	2,316	4,391
Professional and Legal	571	405	1,099	2,075	13,500	13,500
Rentals	-	-	-	-	2,444	4,127
Supplies	-	1,683	-	1,683	4,682	30,559
Tax and Licenses	3,394	4,307	18,176	25,877	6,680	9,676
Telephone	-	-	2,996	2,996	6,079	9,904
Travel and Lodging	-	-	3,825	3,825	31	36,978
Utilities	3,870	8,321	24,756	36,947	1,691	1,691
Total Expenses before Depreciation	7,835	50,552	192,091	250,478	104,698	355,176
Depreciation of Property & Equipment	635	1,586	3,489	5,710	635	6,345
Total Expenses	\$ 8,470	\$ 52,138	\$ 195,580	\$ 256,188	\$ 105,333	\$ 361,521

See auditor's report on the supplementary information

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS AND OTHER SCHEDULES  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***



**LOUISIANA RURAL HEALTH ASSOCIATION**  
**(A Not-for-Profit Organization)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2011**

**A. SUMMARY OF AUDIT RESULTS**

- The auditor's report expresses an unqualified opinion on the financial statements of the Louisiana Rural Health Association.
- The reportable condition in internal control disclosed during the audit of the financial statements is reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. (See 2011-1 in part B of this Schedule).
- The results of our test disclosed no instances of noncompliance material to the financial statements which were required to be reported in the Report on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**2011-1 SEPARATION OF DUTIES**

Due to the size of the Association's staff, there is an insufficient segregation of duties to have an effective internal control.

Since the cost of an internal control system should not outweigh the benefits derived from it, we cannot recommend that additional personnel be added, and have no recommendations to make in this area.

Management of the Association concurs with the finding.

**LOUISIANA RURAL HEALTH ASSOCIATION  
(A Not-for-Profit Organization)**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2011**

**INTERNAL CONTROL FINDINGS**

**2010-1 SEPARATION OF DUTIES**

**Condition:** Due to the size of the Association's staff, there is an insufficient segregation of duties to have an effective internal control.

**Current status:** This finding still applies and is noted in the current audit year ending June 30, 2011. (See current finding noted as 2011-1).

**COMPLIANCE FINDINGS**

No compliance findings were noted in the audit for the year ended June 30, 2010.




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**Corrective Action Plan for  
Current Year Audit Findings  
For the Year Ended June 30, 2011**

<u>Ref No. *</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Names of Contact Contact Persons**</u>	<u>Anticipated Completion Date</u>
2011-1	Separation of Duties	Not feasible at this time due to staff and budget limitations.	Jeanne Gauthreaux Stacy Fontenot	N/A

The above corrective action plan addresses the auditor's current year findings. If you need additional information concerning the corrective action plan, please feel free to contact us.

  
Stacy Fontenot  
Executive Director

\* Reference number the auditor assigns to the audit finding.

\*\* Name(s) of contact person(s) responsible for corrective action.

# Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

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Tia T. Barbera, CPA, PC

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Sarah M. Gallagher, CPA

Elaine T. Waguespack, CPA

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the  
Louisiana Rural Health Association

We have audited the financial statements of the Louisiana Rural Health Association (a nonprofit organization) as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated October 17, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Louisiana Rural Health Association's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Rural Health Association's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. (2011-1) A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Rural Health Association's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Louisiana Rural Health Association's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Louisiana Rural Health Association's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the audit committee, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wagunspack & Gallagher, LLC

October 17, 2011